



Attorney General Jon Bruning

NEWS RELEASE

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GM Attempting to Circumvent Nebraska Law Bruning Takes Action to Protect Consumers and Dealers

Note: A pdf of Bruning's letter to state attorneys general is attached.

(Lincoln, Neb) Attorney General Jon Bruning today sent a letter to all state attorneys general urging them to consider the consumer and anti-trust implications of General Motors' (GM) recent claims that it can ignore state laws that protect consumers and dealerships.

"What GM is trying to do in Nebraska and other states is unconscionable," said Bruning. "That is why I'm leading an effort involving other state attorneys general. We will file an immediate action against the company to try and put a stop to its illegal tactics."

In an unprecedented move, GM, which will be majority-owned by the federal government, claims that states' rights and states' laws that protect consumers and dealerships can be ignored at GM's choosing. In doing so, federally-owned GM leaves consumers vulnerable by depriving or deferring warranty service and avoiding lemon laws. GM's behavior not only violates consumer protection laws, it also may violate antitrust laws. Antitrust laws promote vigorous competition, and protect consumers from anticompetitive mergers and business practices.

Bruning said, "Rural states, like Nebraska, are already disproportionately impacted by GM's proposed closing of dealerships. My goal is to protect people in rural areas so they don't have to drive hundreds of miles to get their car serviced."

By circumventing state laws, GM also eliminates dealer protections. GM insisted that current dealers sign a new dealership agreement if they want to be part of the new operation. The new dealership agreements give the new GM complete control over the dealers beyond anything that would be allowed by law. The new agreements amount to take-it-or-leave-it ultimatums that force current dealers to waive state laws that were enacted to protect them. If dealers don't sign the contract, they'll lose their business.

According to the Nebraska Motor Vehicle Industry Licensing Board, there are 72 franchised GM auto dealers in the state.

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